

AMENDMENT UNDER 37 C.F.R. § 1.111
U.S. Appln. No. 09/644,560
Attorney Docket No. A7809

REMARKS

This response follows an office Action of July 30, 2003 rejecting claims 1-19. Based on this amendment re-examination and reconsideration is requested.

Claims 1-19 have been replaced by a new set of claims 20 - 38. Claims 20 and 31 are the sole independent claims and thus the allowability of the application *vis-à-vis* the prior art can be predicated on the allowance of those two claims.

The applicant has carefully considered the rejection under 35 U.S.C. 112 ¶ 2 to claims 1-10 and the new claims reflect changes to address the issues raised by the Examiner. It is believed that claims 20 – 38 overcome the rejection and thus it is respectfully submitted that this rejection be withdrawn.

Claim 1 stands rejected as being anticipated by Randle '647. The remaining claims stand rejected as being obvious over Randle in view of McKeen '880. These two rejections are respectfully traversed.

With respect to the rejection based on Randle, the holding of anticipation is respectfully traversed. Basically, the Randle is directed individuals doing real time operations with their bank account using standard banking infrastructure. It is in essence a "smart card" system allowing debiting of multiple accounts from a customer's bank account.

Applicant here defines a fundamentally different architecture in which the customer maintains a house account at a particular merchant. This store account is defined as a "stored value account" in the claims that allows activities to take place at that level while still requiring that the customer's bank does all clearing activities and thus has control over the account. The claimed system thus operates within the confines of the established regulatory banking structure.

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The differences can thus be summarized: Randle does not anticipate the claims since there is no affirmative disclosure of a point of deposit at a commercial institution such as a retail store as opposed to a bank. Randle does not anticipate since there is affirmative disclosure of a second account located at the merchant level, that is a stored value account as set forth in claims 20 and 30. That is, Randle does not utilize a stored value system.

There is a fundamental difference in that the claimed invention does not change at all in how individuals interact with their bank account. The invention also has no change at all in how individuals interact with merchant stored value infrastructures.

In accordance with this invention a new operation is defined where individuals can register with and which uses standard batch (non-real-time) Electronic Funds Transfer (“EFT”) Automatic Clearing House (“ACH”) transfers coordinated with a new interface to merchant stored value service. The invention performs automatic batch/overnight purchases/increases of additional merchant stored value (by automatic EFT ACH transfers from individual's Demand Deposit Account bank account (“DDA”) to the merchant's DDA bank account with a corresponding notification to the merchant stored value service) and/or decreases of individual's merchant stored value by automatic EFT ACH transfers from merchant DDA bank account to the individual's DDA bank account (and corresponding notification of the merchant stored value system indicating the reduction in value).

The merchant and the merchant stored value service never has access to any privacy and/or identity information related to the individual. The invention is a new service that supports preserving anonymity and privacy of individual at merchant locations.

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The also acts as a privacy barrier between an existing merchant stored value infrastructure and an existing standard banking system.

There are existing stored value infrastructures (typified by the gift cards seen at most retail checkout counters). A individual may purchase a stored value (which may be anonymous) at a merchant and access it via a standard stored value card. This however is an isolated activity at the point of purchase with no clearing of the transaction at the bank level.

An individual may also have a standard demand deposit bank account (DDA). This invention involves a new service that supports standard EFT ACH transfers between a standard DDA bank account and a merchant anonymous stored value. The individual registers with the service, providing the service with their DDA bank information that allows standard EFT ACH transfers and the necessary details about their merchant stored value. This service interfaces to existing merchant stored value systems as well as the standard EFT ACH financial network with access to both the merchant DDA account(s) and the necessary customer DDA accounts.

Under proscribed rules specified by the customer at registration time with the invention, the service will perform an EFT withdrawal from the merchant DDA account, an EFT deposit to the customer DDA account and notify the merchant stored value system of the reduction in the individual's stored value at the specific merchant. This results in transferring funds from the individual's merchant stored value to the individuals DDA account without needing to divulge to the merchant identity and/or privacy information about the individual. It is also possible for the service to automatically purchase additional merchant stored value for an individual. The service

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performs a standard EFT withdrawal from the individual's DDA account and deposits it in the merchant DDA account. It then informs the merchant stored value service of the increase in the value.

This interaction between two separate accounts the DDA and the stored value account have no counterpart in Randle. Hence the rejection is respectfully traversed and re-examination and reconsideration is respectfully requested.

Claims 2-19 stand rejected as obvious over Randle in view of McKeen. In essence, the Examiner concludes that it would have been obvious to provide the real time bank centric payment system of Randle with a plurality of stored value accounts maintained at the merchant /customer level. The Examiner offers as a rationale that such would expedite and simplify the transaction between the customer and the merchant. This rejection is respectfully traversed.

First, it is noted that the proposed combination would complicate rather than simplify the system of Randle. The "Smart card" system offers to the merchant an efficient means of completing transactions without establishing individual stored value accounts. The customer simply uses one card in place of many to charge his purchases. Such a system has no need for and cannot access a locally set up stored value account as such would be meaningless. The customer purposely seeks to eliminate multiple credit cards and multiple valued accounts for the sake of having one card used at multiple stores debited. There is no stored value at the customer level. Consequently, the proposed combination complicates rather than simplifies, makes more cumbersome rather than expedite and would not have been an obvious modification of Randle in

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view of McKeen, the proprietary of the combination will be considered to all aspects of this invention.

McKeen describes a method of translating an RFID identification into a standard ATM transaction (either offline or online). In a standard ATM transaction, the consumer has a magstripe or chipcard that is used to authenticate the transaction. The transaction is then transmitted to the bank in real-time (online debit) or in batch at a later time (offline debit).

McKeen describes a method where an RFID chip is used in place of a standard debit card and the merchant maintains a local database that translates an RFID identification into a standard bank financial transaction. This is an obvious modification of current financial payment card operations that implement RFID technology, except instead of the financial institution mapping the RFID value to a bank account, the merchant is locally performing the mapping of an RFID value to a bank account.

In contrast, this invention claims:

- 1) traditional gift card or stored value merchant infrastructure where consumer does whatever kind of transaction supported by the gift-card/storedvalue operation.
- 2) traditional bank account infrastructure where a consumer does whatever kind of transaction supported by the bank account infrastructure.
- 3) a new service that provides for moving value between the giftcard/storedvalue account and traditional bank account.

In contrast, the giftcard/storedvalue infrastructure in use today is one where a consumer may add value to their giftcard by doing a debit or credit card transaction and/or using cash.

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This invention provides a mechanism that can automatically process. Furthermore, this new service provides a mechanism for also automatically moving value from a giftcard account to a standard bank account.

McKeen describes a mechanism for doing a standard payment card transaction using an RFID chip in place of a standard financial institution magstripe or chipcard that is processed through a new intermediary instead of existing financial clearinghouse. The existing financial clearinghouse already provide for mappings between magstripe and ISO 7816 and ISO 14443 chipcards to bank accounts and have added support for mapping RFID chips to bank accounts. McKeen defines an intermediary providing the mapping of RFID chips to bank accounts. The financial intermediary of McKeen receives a transaction with RFID identifier and merchant identifier, translates that into a standard payment card transaction. There is the issue of whether the financial intermediary actually is involved in the funds remittance, since it can translate into a standard payment card transaction and the financial intermediary never is involved in the actual financial movement of money. There may be an artificial attempt to disguise the resulting financial transfer as flowing through the financial intermediary to distinguish it from RFID implementations by existing financial institutions.

The invention here claims anew mechanism that:

- 1) automatically transferring funds (in either direction) between existing bank accounts and merchant storedvalue/giftcard accounts,
- 2) manually initiated transfer of funds (in either direction) between existing bank accounts and merchant storedvalue/giftcard accounts,

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3) preserving consumer anonymity at merchant location by not exposing the consumer bank account information in the transaction (whether it is moving funds from the merchant giftcard account or moving funds into the merchant giftcard account),

4) is not involved in normal POS merchant transactions which are either existing bankcard transactions or existing stored value transactions,

5) maintains a list of each customer bank account, each customer stored-value account, and each merchant bank account,

6) can move value from existing bank account into existing stored-value account, with the funds being deposited to the merchant bank account and the merchant stored-value infrastructure being advised as to the change in stored-value balances, and

7) can move value from existing stored value account into existing customer bank account (with the resulting funds drawn from the merchant account and deposited into the customer account) with the merchant stored-value infrastructure being advised as to the change in stored-value balances.

In contrast in the claimed invention, there is no change in the way an individual accesses and/or utilizes their standard DDA bank account. The invention involves a new service that can be setup to automatically perform standard EFT ACH withdrawals and deposits for both individual DDA bank accounts as well as merchant DDA bank accounts. Furthermore, this service is able to notify the merchant's stored value service as to increases and/or decreases associated with specific stored value amounts.

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The essence here then, that at the point of transaction, the customer use his pay check or other negotiable instrument, pay for goods or services with the balance credited to his personal stored value account. Neither Randle nor McKeen nor any combination allows for this feature.

The invention, in summary:

- (1) keeps a mapping between individuals merchant stored value and individuals standard bank DDA account
- (2) can perform standard batch EFT ACH transfers (both deposits and withdrawals)
- (3) can update merchant stored value systems as to increases and/or decreases in individual stored value
- (4) can make EFT ACH withdrawals from merchant DDA bank accounts (as part of reducing merchant stored value)
- (5) can make EFT ACH deposits to merchant DDA bank accounts (as part of purchasing additional merchant stored value)
- (6) can make EFT ACH withdrawals from individual DDA bank accounts (for purchasing additional merchant stored value)
- (7) can make EFT ACH deposits to individual DDA bank accounts (after reducing merchant stored value).

When operating on behalf of multiple individuals, the invention can schedule the automatic overnight EFT withdrawals and deposits from/to individual DDA bank accounts. At the same time it can schedule a single EFT ACH transaction against the merchant DDA bank account that represents the aggregate of the individual stored value increases and/or decreases.

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The invention then transmits the individual stored value changes to the merchant stored value service.

The invention uses the standard banking infrastructure as it is currently used and does not require regulatory approval. For example, it provides for automatically increasing and/or decreasing individual merchant stored-value by overnight EFT ACH transfers.

The invention claims a new interface to existing merchant stored value systems which is not an obvious extension over McKeen or gift certificate transactions as they are currently used. The invention does define a new service for individuals for automatically managing their merchant stored value, by credit or debit which is not provided at all in the prior art.

Thus based on this amendment and remarks it is believed that the claims in their revised form are allowable. The allowance of this application is respectfully requested.

If any points remain in issue which the Examiner feels may be best resolved through a personal or telephone interview, the Examiner is kindly requested to contact the undersigned at the telephone number listed below.

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The USPTO is directed and authorized to charge all required fees, except for the Issue Fee and the Publication Fee, to Deposit Account No. 19-4880. Please also credit any overpayments to said Deposit Account.

Respectfully submitted,


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